

April 29, 2015

The Honorable Edith Ramirez, Chairwoman
Federal Trade Commission

The Honorable William Baer
Assistant Attorney General
United States Department of Justice
Antitrust Division

Submitted electronically at: <https://ftcpublic.commentworks.com/ftc/examhealthcareworkshop>

Dear Chairwoman Ramirez and Assistant Attorney General Baer:

The Association of American Medical Colleges (AAMC or Association) welcomes this opportunity to submit comments in response to the Federal Trade Commission (FTC) and Department of Justice (DOJ) February 24-25 workshop series, *Examining Health Care Competition*, 80 Fed Reg 5533, February 2, 2015. The AAMC is a not-for-profit association representing all 141 accredited U.S. and 17 accredited Canadian medical schools; nearly 400 major teaching hospitals and health systems, and 90 academic and scientific societies. Through these institutions and organizations, the AAMC represents 148,000 faculty members, 83,000 medical students, and 115,000 resident physicians.

Understanding the many interrelated parts on the health care marketplace is a complex undertaking, particularly in the context of driving improvements in patient care while lowering costs under the multi-faceted Affordable Care Act (ACA). The AAMC appreciates that FTC and DOJ have begun to explore various aspects of the health system but is concerned that insufficient attention has been paid to the many benefits to patients of the changes that are occurring. Unlike earlier movements in health care that focused on reducing cost without the counterbalancing desire to improve care, the current changes incorporate major quality components and population health management. For example, academic medical centers (AMCs) that have participated in the Center for Medicare and Medicaid Innovations (CMMI) Bundled Payments for Care Improvement (BPCI) have responded positively to this effort, viewing it as “an organizational learning opportunity . . . to drive care improvements given their integrated physician-hospital structures, research in policy design and care outcomes, treatment of patients with complex illnesses, and their learning environments.” (manuscript: Kivlahan, Coleen, *et al*, Bundled Payments: Teaching Hospitals’ Bridge to the next Generation Health System?)

The newly enacted Medicare Access and CHIP Reauthorization Act of 2015 moves Medicare payment more firmly away from volume and toward value. The American Medical Association recognizes this change and a recent study by RAND Corporation and the AMA, *Effects of Payment Models on Physician Practice in the United States*, http://www.rand.org/content/dam/rand/pubs/research_reports/RR800/RR869/RAND_RR869.pdf, found that to respond successfully to new payment systems physicians need:

- Support and guidance to optimize the quantity and content of physician work under alternative payment models
- Assistance about the operational details of alternative payments models to improve their effectiveness
- Data and resources for data management and analysis

Without support from hospitals, few physician practices have the resources to successfully move toward a quality-based payment system or to participate in alternative payment systems. All of these endeavors require, at a minimum, substantial investments in IT and data management, and generally need extensive and direct staff support of physicians. The benefits from these efforts to patient care are substantial. An observation related to the first time availability of vast amounts of information that BPCI provided to participants underscores that shared information across provider types is an essential tool toward the development of a system of coordinated and improved patient care:

For the first time, many hospitals became aware of the total cost of care to Medicare, the rate of readmissions to their and other institutions, the rate of emergency room visits and ambulatory care utilization after hospital admission, and the use of post-acute care such as home health, skilled nursing and rehabilitation facilities. The 'black box' of care that occurred outside hospitals was revealed: from 30-70% of total episode cost occurs after an initial hospital admission. Access to new longitudinal utilization information catalyzed unprecedented dialogues across providers, creating new partnerships and innovative efforts to improve transitions of care at multiple levels for Medicare patients. (manuscript: Kivlahan, Coleen, *et al*, Bundled Payments: Teaching Hospitals' Bridge to the next Generation Health System?)

The AAMC agrees that the impact of these transformations on health care markets should be monitored, while at the same time these changes should be able to flourish. Providers should not be fearful that their efforts to improve care, create efficiencies, and manage population health will be unfairly characterized as violations of the law.

Finally, to date FTC and DOJ Workshops have explored only a limited portion of the health care marketplace. Absent from these workshops, yet worthy of an in-depth examination is the impact of payers on the health care market. This is an extremely important and influential sector in the health care marketplace and has itself been subject to many consolidations. Payers exercise considerable pricing power and more and more frequently require providers to accept risk. Therefore, the Association requests that FTC and DOJ consider convening a workshop or otherwise undertake efforts to examine the role of payers on competition, and the impact that their consolidations have on the health care market. The AAMC would welcome the opportunity to provide FTC and DOJ with assistance in the planning of this workshop.

Please feel free to contact Ivy Baer, Senior Director and Regulatory Counsel if you have any questions. She may be reached at 202-828-0499 or ibaer@aamc.org.

Sincerely,

Janis M. Orlowski, MD
Chief Health Care Officer